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Russian Federation

Livestock and Products

Annual

2000

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Report Highlights:

In 2001, feed grain supplies from this years harvest and improving management practices are expected help slow the sharp decline in Russian livestock herd size. More abundant supplies and investment are needed to stop this long term shrinkage. In 1999, food assistance prevented a significant decline in per capita meat consumption. However, despite an improving economic situation in 2000, significantly lower meat imports will greatly reduce meat consumption in Russia.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Moscow [RS1], RS

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Executive Summary

In Russia, short domestic supplies, reduced EU subsidies, and depleted stocks of food aid have caused recent price rises in the meat sector. Processor meat stocks are reportedly sufficient for only one or two weeks, as they purchase only on an as needed basis. Prices are expected to increase until slaughtering begins this fall.
As local producers continue to struggle because of high feed grain prices, imported meat is becoming more competitive in the market. Growth in the domestic livestock sector will depend upon an increased availability of feeds. Although the upcoming harvest will increase feed availability, critically low livestock numbers indicate that in the near future Russia will remain greatly dependent on imported meats to satisfy demand. However, in 2000, consumption of meats is expected to decline significantly without subsidy and humanitarian assistance programs. In response to reduced export subsidies and rising prices for EU meat imports, Russian processors are turning to U.S. product, especially boneless pork picnic and trimmings.

Production

Livestock in Russia Today

In general, a decrease in the rate of loss for all livestock indicates improvement in livestock husbandry practices. In 2000, the number of cattle is expected to decline 6 percent from the previous year. In 2001, further declines are expected, but at a slower pace. The production outlook for livestock is expected to improve primarily as a result of an improved grain harvest this year.

In response to poor harvests in 1998 and 1999 and inconsistent supplies of domestic meat, processors are assisting producers and improving production management practices. Investment into meat production has helped to slow the rate of decline in herd size for cattle, swine, and sheep and goats.

Table 1: Livestock Herd Sizes, 1998 - 2000, all farms, million head

	January 1998	January 1999	January 2000e
Cattle	31.5	28.6	27
Including cows	14.5	13.6	12.9
Swine	17.3	16.4	16.1
Sheep and Goats	18.8	15.6	14.5

Source: Russian State Statistics Committee
e: Post Estimate

According to official Russian statistics, livestock weight gain per day decreased between 1998 and 1999 as a result of insufficient feed supplies.

Table 2: Average Live Weight at Slaughter, 1997 - 1999, Kilograms

	1997	1998	1999
Cattle	276	279	270
Pork	79	82	76
Sheep and goats	32	31	31

Source: Russian Ministry of Agriculture

However, improvements in farm management practices positively affected qualitative indicators, such as calves per cow, piglets per sow, and the rate of livestock losses.

Table 3: Calves and Piglets, per 100 head

	1997	1998	1999
Calves	72	74	76
Piglets	1,029	1,147	1,249
Sheep and Goats	61	62	67

Source: Russian State Statistics Committee

Table 4: Livestock Losses, percent of herd

	1997	1998	1999
Cattle	5.5	5.0	4.2
Swine	12.7	11.8	11.7
Sheep and goats	11.6	10.2	8.6

Source: Russian State Statistics Committee

Meat Production

The share of meat production between large and small farms is shifting in favor of small farms. According to Russian statistics, in 1998 meat production on small farms accounted for 58 percent of the total, while in 1999 the percentage of production from small farms increased to 61 percent.

Table 5: Percent of Meat Production on Various Types of Russian Farms 1998 - 2000

	1998	1999
Large Joint Stock Farms	42	39
Small Private Farms and Plots	58	61

Source: Russian State Statistics Committee

Primarily because of an estimated 9 percent increase in poultry production, total meat production improved during the first half of 2000 in comparison with the same period the previous year. During this period, however, beef and pork production fell, while egg production increased by 10 percent. A lack of adequate feed supplies is expected to cause annual poultry output this year to be at the same level as last year. Beef and pork production are expected to decline slightly. However, with of a better grain harvest, improved management, and state support total meat and poultry production is expected to stabilize in 2001. With improved feed supplies and further investment, it could grow.

Food Processing Industry

The production of meat products improved during the first half of this year as a result of an improved economic situation, stable supplies from food assistance, and better cooperation between producers and the food processing industry. According to Russian statistics, processed meat output was 13 percent higher during January through June 2000 than it was during the same period last year. Sausage output increased by 15 percent during that period. However, canned meat production fell 11 percent, as more supplies of fresh, chilled, and frozen meat in shops and at farmers' markets were available. All these figures reverse the trends of the previous year.

Table 6: Production of Meat Products at Meat Processing Facilities, 1997 - 1999

Commodity (1,000 MT)	1997	1998	1999
Meat and Meat products	1,535	1,336	1,072
Sausage	1,147	1,113	944
Semi-ready meat products	225	219	178
Canned meat , million of tins	293	316	490

Source: Russian State Statistics Committee

Consumption

The consumption of meat continues to decline in step with reduced local meat production. In 1999, per capita meat consumption was about 43 kg. That year, commodity credit agreements with the United States and the EU prevented more drastic declines in this figure. In the near future, per capita meat consumption is expected to decline significantly, reflecting a low level of commercial imports, high meat prices, and the unavailability of credit facilities.

Table 7: Annual Consumption of Meat and Other Products, 1996-1999, kilograms per capita

Product	1996	1997	1998	1999
Meat and meat products	51	50	48	43
Bread and bakery products	117	118	118	118
Potato	125	130	123	123
Vegetables	75	79	78	86
Dairy products	232	229	221	213
Eggs, pieces	207	210	218	225

Source: Ministry of Agriculture

Trade

During 1999, expected declines in meat imports because of the economic crises were compensated for by food assistance programs. Therefore, trade numbers did not fall to the extent anticipated in the absence of such programs. Russian consumers benefitted as meat was available at reasonable prices, meat processors had product to work with, and U.S. and EU exporters of meat products were able to maintain some market share. In 2000, however, imports have declined significantly as credit remains tight and EU subsidies shrink. However, in 2001, imports are expected to recover as the economic outlook for Russia brightens.

Table 8: Russian Meat Imports, January - June, 1999 and 2000

Commodity	1999		2000	
	1,000MT	$mln	1,000MT	$mln
Beef, frozen, carcasses and half carcasses	68	76	44	45
Beef, frozen, cuts, bone-in	58	56	11	11
Beef, frozen, cuts, boneless	134	112	33	56
Total	260	244	88	112
Pork, frozen, carcasses and half carcasses	101	95	23	25
Pork, frozen, cuts, bone-in	35	28	18	21
Total	136	123	41	46

Source: State Custom Committee

Table 9: Beef Imports

Import Trade Matrix		Meat				
Country:			Units:	1000 MT PWE		
Commodity:	Cattle, meat					
Imports for:	1999		2000		2001	
U.S.	55	U.S.	50	U.S.	80	
Others		Others		Others		
Ukraine	150	Ukraine	95	Ukraine	150	
Ireland	60	Ireland	38	Ireland	60	
Germany	150	Germany	90	Germany	100	
China	10	China	15	China	15	
Poland	5	Poland	5	Poland	10	
Nerherlands	25	Nerherlands	10	Nerherlands	25	
Austarlia	4	Austarlia	3	Austarlia	10	
Denmark	10	Denmark	6	Denmark	12	
Italy	16	Italy	7	Italy	18	
Spain	15	Spain	7	Spain	10	
France	40	France	20	France	20	
Kazakhstan	8	Kazakhstan	10	Kazakhstan	10	
Mongolia	20	Lithuania	10	Lithuania	25	
Total for Others	513	Total for Others	316	Total for Others	465	
Others not listed	32	Others not listed	14	Others not listed	55	
Grand Total	600	Grand Total	380	Grand Total	600	

Table 10: Pork Meat Imports

Import Trade Matrix		Meat		
Country:			Units:	1000 MT PWE
Commodity:				
Imports for:	1999	2000	2001	
	Final	Preliminary	Forecast	
U.S.	35	70	90	
Others				
China	15	15	20	
Denmark	70	30	50	
Romania	10	8	18	
Germany	110	80	70	
France	85	45	50	
Poland	40	30	30	
Hungary	5	5	10	
Canada	10	10	15	
Ukraine	10	10	15	
Moldova	7	5	7	
Finland	10	5	10	
Spain	24	10	20	
Netherlands	30	5	25	
Total for Others	426	258	340	
Others not listed	39	22	70	
Grand total	500	350	500	

Stocks

According to Russian meat processors, stocks are low. Reportedly, they are purchasing on an as needed basis. This situation has multiple causes, including import problems with new custom clearance procedures, reduced EU meat subsidies, and the end of supplies from assistance programs.

Policy

Meat Duties and VAT

As reported in Gain RS0036, all poultry products imported into Russia will pay a unified duty of 25 percent, but no less than 0.2 euros per kilogram, as of August 14, 2000. Previously, Gain RS0034 reported that importers of meat and poultry have been paying only 10 percent VAT as of July 1 in anticipation of the amendment to the Russian Federation Law "On Value Added Taxes" No. 36-FZ, issued January 2, 2000, which reduced the VAT from 20 percent.

New Tariffs for Exported Hides and Skins

In an effort to insure supplies of raw materials for Russian processors, the Russian State Customs Committee issued an Order # 316, dated April 17, 2000, which specifies new export duties on raw hides and skins. The following new duties will be effective from May 1, 2000 until October 31, 2000.

Table 11: Russian Export Duties on Raw Hides and Skins

HSC	Commodity	Rates of Duty, per 1000 kilograms
4101	Raw hides and skins of bovine and equine animals	15, but not less than 150 euro
4102	Raw skins of sheep and lamb	15, but not less than 105 euros
4103	Other raw hides and skins	15, but not less than 90 euros

Duty and VAT Summary Table

Table 12: Export Tariffs for Meat Products

HSC	Commodity	Percent	Not less than Euros/kg	VAT (Percent)
0101 0102 0103 0104 0106	Live horses, asses, mules, hinnies, bovine animals, swine, sheep, goat, others, except for purebred breeding animals,	5	n.a.	10
0201	Meat of bovine animals, fresh or chilled	15	0.2	10
0202	Beef, frozen			
0202 10 000 0	-Carcases and half carcases	15	0.15	10
0202 20	-Other cuts with bone-in			
0202 20 100 0	--compensated quarters	15	0.15	10
0202 20 300 0	--unseparated or separated quarters	15	0.15	10
0202 20 500 0	--unseparated or separated hindquarters	15	0.15	10
0202 20 900 0	--other	15	0.15	10
0202 30	-boneless			
0202 30 100 0	--forequarters	15	0.20	10
0202 30 500 0	--crop, chalk, and blade and brisket cuts	15	0.20	10
0202 30 900 0	--other	15	0.20	10
0203	Pork, fresh, chilled or frozen			
	-Fresh or chilled			
0203 11	--Carcases and half carcases			
0203 11 100 0	---of domestic swine	15	0.25	10
0203 11 900 0	---other	15	0.25	10
0203 12	--Hams, shoulders, and cuts thereof with bone in:			
	---of domestic swine			
0203 12 110 0	----hams and cuts thereof	15	0.25	10

0203 12 190 0	----shoulders, and cuts thereof	15	0.25	10
0203 12 900 0	---0ther	15	0.25	10
0203 19	--Other			
	---of domestic swine			
0203 19 110	----fore-ends and cuts thereof	15	0.25	10
0203 19 130	----loins and cuts thereof, with bone in	15	0.25	10
0203 19 150	----bellies and cuts thereof	15	0.25	10
	----other			
0203 19 550	-----boneless	15	0.25	10
0203 19 590	-----other	15	0.25	10
0203 19 900	---other	15	0.25	10
	-Frozen			
0203 21	--carcases and half carcases			
0203 21 100	---of domestic swine	15	0.20	10
0203 21 900	---other	15	0.20	10
0203 22	--Hams, shoulders, and cuts thereof with bone in:			
---of domestic swine:				
0203 22 110 0	----hams and cuts thereof	15	0.20	10
0203 22 190 0	----shoulders, and cuts thereof	15	0.20	10
0203 22 900 0	---other	15	0.20	10
0203 29	--other			
	---of domestic swine			
0203 29 110 0	----fore-ends and cuts thereof	15	0.25	10
0203 29 130 0	----loins and cuts thereof, with bone in	15	0.25	10
0203 29 150 0	----bellies and cuts thereof	15	0.25	10
	----other			
0203 29 550 0	-----boneless	15	0.25	10

0203 29 590 0	-----other	15	0.25	10
0203 29 900	---other	15	0.25	10
0204	meat of sheep or goats, fresh, chilled or frozen	15	0.15	10
0205	meat of horse , asses, mules, or hinnies, fresh, chilled or frozen	15	0.15	10
0206	edible offal of bovine animals, swine, sheep, goats, asses, mules, or hinnies, fresh, chilled or frozen	15	0.15	10
	except			
	-of bovine animals, frozen			
	--tongues	30	1.2	20
0209	pig fat, free of lean meat, and poultry fat, not rendered or otherwise extracted, fresh, chilled, frozen, salted, in brine, dried or smoked	15	0.15	10
0210	meat and edible meat offal, salted, in brine, dried, or smoked, edible flours and meals of meat or meat offal			
0210 11 110 0 through 0210 90 290 0	meat, salted, in brine, dried, or smoked, edible flours and meals of meat or meat offal	15	0.4	20
0210 90 310 0 through 0210 90 900 0	edible meat offal, salted, in brine, dried, or smoked, edible flours and meals of meat or meat offal	15	n.a.	10

Marketing

Prices

According to importers, meat prices are climbing as imports are constrained by limited credit and EU subsidies for pork and beef products have been reduced. Reportedly, large and small processors are running low on stocks. Consequently, average prices for locally produced meat are increasing along with prices for imported product. Most experts predict that wholesale prices will increase significantly within the next few months, and continue until slaughtering begins in the late fall and early winter.

Table 13: Wholesale Beef and Pork Prices, as of July 2000

Product	US$/kilogram	Origin
Young bull, compensated quarters	1.35-1.45	EU
Forequarters, bone in	0.95-1.06	EU
boneless	1.5-1.6	EU
Chuck and blade, boneless	1.55-1.65	EU
Trimming, 80-85%cl	1.15 - 1.20	EU
Beef liver	0.70 - 0.78 0.65 - 0.70 0.75- 0.8	US Danmark Australia
Pork		
Pork sides, frozen	1.6 - 1.7	Poland
Fore-end, bone-in	1.15 - 1.20	EU
Picnic, boneless 77%.c/l 82%c/l 88% cl	1.55 - 1.63 1.66 - 1.75 1.75 - 1.80	French Denmark Denmark
Picnic bone-in, round cut	1.0 - 1.05	Germany, UK
Belly strips, rind-0n,65% vl	0.70 - 0.75	Dutch, German
Back fat	0.65 - 0.72	Denmark, Germany
Trimming 50% cl. 65% cl. 70% cl.	1.00 - 1.10 1.10 - 1.15 1.20 - 1.30	Germany, Belgium Denmark, Germany Denmark, Germany
Pork liver	0.50 - 0.55	Sweden, Hungary

Table 14: Average Retail Prices of Food Products, 1997 and 1999

Food products	1997		1999		1999 percent of 1997	
	Rubles /kilogram	$ per kilogram	Rubles /kilogram	$ /kilogram	Rubles	$
Beef	15.79	2.63	42.01	1.53	269	58
Pork	19.06	3.18	43.37	1.58	228	50
Poultry	16.06	2.68	39.28	1.42	245	53
Boiled sausage	21.66	3.61	61.56	2.23	284	62
Canned beef and pork, per 1 conditional tin	7.83	1.31	18.16	0.66	232	50
Frozen fish	9.91	1.65	23.83	0.86	240	52
Fish salted, marinated, smoked, without (delicacy fish)	21.40	3.57	31.10	1.13	145	32
Butter	23.24	3.87	66.83	2.43	287	63
Sunflower-seed oil	9.59	1.60	25.74	0.94	390	59

Source: Russian State Statistics Committee

PSD Table						
Country:	Russian Federation					
Commodity:	Cattle, numbers					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Total Cattle Beg. Stks	28600	28600	27000	27000	0	25800
Dairy Cows Beg. Stocks	13600	13600	12400	12900	0	12400
Beef Cows Beg. Stocks	0	0	0	0	0	0
Production (Calf Crop)	10200	10200	8900	9700	0	9400
Intra EC Imports	0	0	0	0	0	0
Other Imports	30	30	30	30	0	30
TOTAL Imports	30	30	30	30	0	30
TOTAL SUPPLY	38830	38830	35930	36730	0	35230
Intra EC Exports	0	0	0	0	0	0
Other Exports	15	15	15	15	0	15
TOTAL Exports	15	15	15	15	0	15
Cow Slaughter	1960	1960	2000	1900	0	1600
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	8900	8900	9000	8400	0	7875
Total Slaughter	10860	10860	11000	10300	0	9475
Loss	955	955	1000	615	0	540
Ending Inventories	27000	27000	23915	25800	0	25200
TOTAL DISTRIBUTION	38830	38830	35930	36730	0	35230
Calendar Yr. Imp. from U.S.						
Calendar Yr. Exp. to U.S.						

PSD Table						
Country:	Russian Federation			1.18	<-Conversion factor for CWE	
Commodity:	Cattle	Meat, Beef&Veal				
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	10860	10860	11000	10300	0	9475
Beginning Stocks	0	0	0	0	0	0
Production	1900	1900	1800	1800	0	1750
Intra EC Imports	0	0	0	0	0	0
Other Imports	600	700	600	450	0	700
TOTAL Imports	600	700	600	450	0	700
TOTAL SUPPLY	2500	2600	2400	2250	0	2450
Intra EC Exports	0	0	0	0	0	0
Other Exports	5	5	5	5	0	5
TOTAL Exports	5	5	5	5	0	5
Human Dom. Consumption	2395	2495	2300	2180	0	2380
Other Use, Losses	100	100	95	65	0	65
TOTAL Dom. Consumption	2495	2595	2395	2245	0	2445
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	2500	2600	2400	2250	0	2450
Calendar Yr. Imp. from U.S.						
Calendar Yr. Exp. to U.S.						

PSD Table						
Country:						
Commodity:	Animal number, swine					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
TOTAL Beginning Stocks	16400	16400	16100	16100	0	15900
Sow Beginning Stocks	3040	3040	3000	3010	0	3040
Production (Pig Crop)	30700	30700	30500	30500	0	30800
Intra EC Imports	0	0	0	0	0	0
Other Imports	35	35	35	35	0	35
TOTAL Imports	35	35	35	35	0	35
TOTAL SUPPLY	47135	47135	46635	46635	0	46735
Intra EC Exports	0	0	0	0	0	0
Other Exports	1	1	1	1	0	1
TOTAL Exports	1	1	1	1	0	1
Sow Slaughter	0	0	0	0	0	0
OTHER SLAUGHTER	27350	27350	27534	27234	0	27334
Total Slaughter	27350	27350	27534	27234	0	27334
Loss	3684	3684	3700	3500	0	3500
Ending Inventories	16100	16100	15400	15900	0	15900
TOTAL DISTRIBUTION	47135	47135	46635	46635	0	46735
Calendar Yr. Imp. from U.S.						
Calendar Yr. Exp. to U.S.						

PSD Table						
Country:	Russian Federation				<-Conversion factor for CWE	
Commodity:	Meat, Swine					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	27350	27350	27534	27234	0	27334
Beginning Stocks	0	0	0	0	0	0
Production	1490	1490	1490	1480	0	1490
Intra EC Imports	0	0	0	0	0	0
Other Imports	350	500	350	350	0	500
TOTAL Imports	350	500	350	350	0	500
TOTAL SUPPLY	1840	1990	1840	1830	0	1990
Intra EC Exports	0	0	0	0	0	0
Other Exports	1	1	1	1	0	1
TOTAL Exports	1	1	1	1	0	1
Human Dom. Consumption	1699	1849	1700	1700	0	1860
Other Use, Losses	140	140	139	129	0	129
TOTAL Dom. Consumption	1839	1989	1839	1829	0	1989
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1840	1990	1840	1830	0	1990
Calendar Yr. Imp. from U.S.	0				0	
Calendar Yr. Exp. to U.S.	0					